### **HOUSE BILL No. 1538**

### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-13-1-16.5; IC 4-13.6-6-2.8; IC 5-10.3-7; IC 5-16-1-7.5; IC 5-22-15; IC 6-3-1; IC 6-3-2-4; IC 8-10-1-7; IC 8-23; IC 10-17; IC 20-12; IC 20-20-7-3; IC 36-1-12-5.5.

Synopsis: Military and veterans issues. Requires the department of administration to collect information on price preferences for certain contracts. Provides a 10% price preference for disabled veteran businesses in certain contracts and public works projects. Sets a goal for contracts with disabled veteran businesses equal to 3% of total expenditures. Grants up to two years of service credit for active duty service in the armed forces of the United States (armed forces) to certain members of the public employees' retirement fund. Excludes all military income, including retirement and survivor's benefits, from state adjusted gross income. Requires the department of transportation to set a goal of awarding to disabled veteran businesses 0.5% of the total dollar amount of contracts funded by federal grants. Establishes employment criteria for employees of the department of veterans' affairs and local service officers. Provides for reimbursement of certain expenses of medal of honor recipients. Provides that a power of attorney for prosecution of veterans' benefits runs to an agency or individual authorized by the department of veterans' affairs. Provides a \$500 payment to certain members of the national guard or armed forces. Provides a \$150,000 death benefit for members of the national guard or the armed forces who die in the line of duty after September 10, 2001. Establishes the veterans' affairs trust fund and board to provide assistance to veterans and their families. Provides that an otherwise eligible person, or the otherwise eligible child of a person who: (1) served on active duty; or (2) suffered a service connected disability or death; may receive a tuition exemption from a state (Continued next page)

Effective: January 1, 2007 (retroactive); July 1, 2007; January 1, 2008.

# Reske, Noe

January 23, 2007, read first time and referred to Committee on Veterans Affairs and Public Safety.



educational institution. Expands the high school diploma program for eligible veterans to include veterans of the Korean and Vietnam conflicts. Repeals the \$2,000 state income tax deduction for military income. Makes appropriations.





#### Introduced

#### First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in this style type, and deletions will appear in this style type.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or *this style type* reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

C

## **HOUSE BILL No. 1538**

0

A BILL FOR AN ACT to amend the Indiana Code concerning public safety and to make an appropriation.

p

Be it enacted by the General Assembly of the State of Indiana:

1	
_ \	V

- SECTION 1. IC 4-13-1-16.5 IS ADDED TO THE INDIANA CODE
  AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
  1, 2007]: Sec. 16.5. (a) As used in this section, "covered transaction" means the award of a contract under:
  - (1) IC 4-13.6-6-2.8;
  - (2) IC 5-16-1-7.5;
  - (3) IC 5-22-15-23.5;
  - (4) IC 8-10-1-7; or
- 9 **(5) IC 8-23-9-4.6.** 
  - (b) As used in this section, "disabled veteran business" means a business entity that is fifty-one percent (51%) or more owned by one (1) or more veterans with a service connected disability.
  - (c) As used in this section, "service connected disability" means a disability incurred or aggravated in the line of duty in the active military, naval, or air service as described in 38 U.S.C. 101(b).



5

6 7

8

10

11

12 13

14

1	(d) As used in this section, "veteran" means a person who:
2	(1) served in the active military, naval, or air service; and
3	(2) was discharged or released from service under conditions
4	other than dishonorable.
5	(e) Beginning September 30, 2008, before October 1 of each year
6	the commissioner shall compile and make available for public
7	inspection and for submission to the legislative council a report for
8	the preceding state fiscal year concerning bids received and
9	contacts awarded to disabled veteran businesses for covered
10	transactions. The report to the legislative council must be in an
11	electronic format under IC 5-14-6.
12	(f) The report required under subsection (e) must include the
13	following information:
14	(1) The number of qualified disabled veteran businesses that
15	submitted a bid.
16	(2) The number of disabled veteran businesses that were
17	awarded a contract.
18	(3) Whether the goal of awarding at least three percent (3%)
19	of total expenditures under covered transactions was met.
20	SECTION 2. IC 4-13.6-6-2.8 IS ADDED TO THE INDIANA
21	CODE AS A <b>NEW</b> SECTION TO READ AS FOLLOWS
22	[EFFECTIVE JULY 1, 2007]: Sec. 2.8. (a) As used in this section,
23	"disabled veteran business" means a business entity that is
24	fifty-one percent (51%) or more owned by one (1) or more veterans
25	with a service connected disability.
26	(b) As used in this section, "service connected disability" means
27	a disability incurred or aggravated in the line of duty in the active
28	military, naval, or air service as described in 38 U.S.C. 101(b).
29	(c) As used in this section, "veteran" means a person who:
30	(1) served in the active military, naval, or air service; and
31	(2) was discharged or released from service under conditions
32	other than dishonorable.
33	(d) When considering bids under this chapter, there is a price
34	preference of ten percent (10%) for a disabled veteran business.
35	(e) It is the goal to award each year at least three percent (3%)
36	of total expenditures for public works projects to disabled veteran
37	businesses.
38	(f) The preference under subsection (d) shall be computed in the
39	same manner that a preference is computed under IC 5-22-15.
40	(g) Beginning July 31, 2008, before August 15 of each year, the
41	division shall file with the commissioner a report concerning the

award of contracts to disabled veteran businesses under this



	2	
1	section.	
2	SECTION 3. IC 5-10.3-7-5 IS AMENDED TO READ AS	
3	FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) A member who:	
4	(1) enters the United States armed services;	
5	(2) leaves his the member's contributions in the fund;	
6	(3) except as provided in subsection (c), resumes service with his	
7	the member's employer within one hundred twenty (120) days	
8	after his the member's unconditional discharge; and	
9	(4) would be entitled to service credit for military service under	
10	the Uniformed Services Employment and Reemployment Rights	1
11	Act (38 U.S.C. 4301 et seq.) if the member had resumed service	
12	with the member's employer within ninety (90) days after	
13	discharge;	
14	is entitled to service credit for the armed service.	
15	(b) A state employee who left employment before January 1, 1946,	
16	or an employee of a political subdivision who left employment before	-
17	the participation date, to enter the United States armed services is	'
18	entitled to service credit for the armed service if he: the employee:	
19	(1) except as provided in subsection (c), resumes service with the	
20	employer within one hundred twenty (120) days after his the	
21	employee's unconditional discharge; and	
22	(2) would be entitled to service credit for military service under	
23	the applicable requirements of federal law in effect at the time of	
24	reemployment if the employee had resumed service with the	•
25	employee's employer within ninety (90) days after discharge.	
26	(c) The board shall extend the one hundred twenty (120) day	
27	reemployment requirement contained in subsection (a)(3) or (b)(1) if	\
28	the board determines that an illness, an injury, or a disability related to	_
29	the member's military service prevented the member from resuming	
30	employment within one hundred twenty (120) days after the member's	
31	discharge from military service. However, the board may not extend the	
32	deadline beyond thirty (30) months after the member's discharge.	
33	(d) If a member retires and the board subsequently determines that	
34	the member is entitled to additional service credit due to the extension	
35	of a deadline under subsection (c), the board shall recompute the	
36	member's benefit. However, the additional service credit may be used	
37	only in the computation of benefits to be paid after the date of the	
38	board's determination, and the member is not entitled to a	
39	recomputation of benefits received before the date of the board's	
40	determination.	

(e) Notwithstanding any provision of this section, a member is

entitled to service credit and benefits in the amount and to the extent



41 42

1	required by the Uniformed Services Employment and Reemployment
2	Rights Act (38 U.S.C. 4301 et seq.).
3	(f) Subject to the provisions of this section, an active member may
4	purchase not more than two (2) years of service credit for the member's
5	service on active duty in the armed services if the member meets the
6	following conditions:
7	(1) The member has at least one (1) year of credited service in the
8	fund.
9	(2) The member serves on active duty in the armed services of the
10	United States for at least six (6) months.
11	(3) The member receives an honorable discharge from the armed
12	services.
13	(4) Before the member retires, the member makes contributions
14	to the fund as follows:
15	(A) Contributions that are equal to the product of the
16	following:
17	(i) The member's salary at the time the member actually
18	makes a contribution for the service credit.
19	(ii) A rate, determined by the actuary of the fund, that is
20	based on the age of the member at the time the member
21	actually makes a contribution for service credit and
22	computed to result in a contribution amount that
23	approximates the actuarial present value of the benefit
24	attributable to the service credit purchased.
25	(iii) The number of years of service credit the member
26	intends to purchase.
27	(B) Contributions for any accrued interest, at a rate determined
28	by the actuary of the fund, for the period from the member's
29	initial membership in the fund to the date payment is made by
30	the member.
31	However, a member is entitled to purchase service credit under this
32	subsection only to the extent that service credit is not granted for that
33	time under another provision of this section or section 5.5 of this
34	chapter. At least ten (10) years of service in Indiana is required before
35	a member may receive a benefit based on service credits purchased
36	under this section. A member who terminates employment before
37	satisfying the eligibility requirements necessary to receive a monthly
38	allowance or receives a monthly allowance for the same service from
39	another tax supported public employee retirement plan other than under
40	the federal Social Security Act may withdraw the purchase amount plus

accumulated interest after submitting a properly completed application



41

42

for a refund to the fund.

1	(g) The following apply to the purchase of service credit under
2	subsection (f):
3	(1) The board may allow a member to make periodic payments of
4	the contributions required for the purchase of the service credit.
5	The board shall determine the length of the period during which
6	the payments must be made.
7	(2) The board may deny an application for the purchase of service
8	credit if the purchase would exceed the limitations under Section
9	415 of the Internal Revenue Code.
0	(3) A member may not claim the service credit for purposes of
1	determining eligibility or computing benefits unless the member
2	has made all payments required for the purchase of the service
.3	credit.
4	SECTION 4. IC 5-10.3-7-5.5 IS ADDED TO THE INDIANA
.5	CODE AS A <b>NEW</b> SECTION TO READ AS FOLLOWS
6	[EFFECTIVE JULY 1, 2007]: Sec. 5.5. (a) This section applies to
7	members who retire after June 30, 2007.
. 8	(b) Subject to IC 5-10.2-2-1.5, a member who meets the
9	following conditions is entitled to receive the service credit
20	described in subsection (c) for the member's active duty service in
21	the United States armed forces:
22	(1) On the date of the member's retirement, the member has
23	completed at least twenty (20) years as a full-time employee
24	of the state.
25	(2) The member received an honorable discharge.
26	(3) The average of the annual compensation (as defined in
27	IC 5-10.2-4-3) for the member does not exceed fifty thousand
28	dollars (\$50,000).
29	(c) The amount of service credit that a member is entitled to
0	receive under this section is equal to the lesser of:
51	(1) the period of the member's active duty service; or
32	(2) two (2) years.
3	(d) A member is entitled to service credit under this section only
4	to the extent that the same period of active duty service is not used:
55	(1) to grant service credit under another section of this
66	chapter or under IC 5-10.2-4; or
57	(2) by another governmental plan for purposes of the
8	member's benefit in the other governmental plan.
9	(e) This section may not be construed as a restriction or
10	limitation on any of the rights, benefits, and protections that a
1	member is entitled to receive under the federal Uniformed Services
12	Employment and Reemployment Rights Act (38 U.S.C. 4301 et



1	seq.).
2	SECTION 5. IC 5-16-1-7.5 IS ADDED TO THE INDIANA CODE
3	AS A <b>NEW</b> SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
4	1, 2007]: Sec. 7.5. (a) As used in this section, "disabled veteran
5	business" means a business entity that is fifty-one percent (51%)
6	or more owned by one (1) or more veterans with a service
7	connected disability.
8	(b) As used in this section, "service connected disability" means
9	a disability incurred or aggravated in the line of duty in the active
10	military, naval, or air service as described in 38 U.S.C. 101(b).
11	(c) As used in this section, "veteran" means a person who:
12	(1) served in the active military, naval, or air service; and
13	(2) was discharged or released from service under conditions
14	other than dishonorable.
15	(d) When considering bids under this chapter, there is a price
16	preference of ten percent (10%) for a disabled veteran business.
17	(e) It is the goal to award each year at least three percent (3%)
18	of total expenditures for public works projects to disabled veteran
19	businesses.
20	(f) The preference under subsection (d) shall be computed in the
21	same manner that a preference is computed under IC 5-22-15.
22	(g) Beginning July 31, 2008, before August 15 of each year, the
23	state or a commission created by law that is engaging in a public
24	works project shall file with the Indiana department of
25	administration a report concerning the award of contracts to
26	disabled veteran businesses under this section.
27	SECTION 6. IC 5-22-15-7 IS AMENDED TO READ AS
28	FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) An offeror may
29	claim one (1) of the following types of preference for which the offeror
30	is eligible:
31	(1) An Indiana business preference under rules adopted under
32	section 20 of this chapter or IC 4-13.6-6-2.5.
33	(2) A preference for supplies as provided by sections 16, 18, 19,
34	23.5, and 24 of this chapter.
35	(3) An Indiana small business preference as provided by section
36	23 of this chapter.
37	(4) A disabled veteran business preference as provided by
38	section 23.5 of this chapter.
39	(b) An offeror may not claim more than one (1) preference as
40	provided by sections 16, 18, 19, 23.5, and 24 of this chapter for a given
41	supply item.
42	(c) This section does not:



1	(1) apply to; or
2	(2) limit;
3	action of the Indiana department of administration under rules adopted
4	under section 21 of this chapter.
5	SECTION 7. IC 5-22-15-23.5 IS ADDED TO THE INDIANA
6	CODE AS A <b>NEW</b> SECTION TO READ AS FOLLOWS
7	[EFFECTIVE JULY 1, 2007]: Sec. 23.5. (a) As used in this section,
8	"disabled veteran business" means a business entity that is
9	fifty-one percent (51%) or more owned by one (1) or more veterans
10	with a service connected disability.
11	(b) As used in this section, "service connected disability" means
12	a disability incurred or aggravated in the line of duty in the active
13	military, naval, or air service as described in 38 U.S.C. 101(b).
14	(c) As used in this section, "veteran" means a person who:
15	(1) served in the active military, naval, or air service; and
16	(2) was discharged or released from service under conditions
17	other than dishonorable.
18	(d) There is a price preference of ten percent (10%) for supplies
19	purchased from a disabled veteran business.
20	(e) It is the goal to award each year at least three percent (3%)
21	of total expenditures for purchase of supplies to disabled veteran
22	businesses.
23	(f) Beginning July 31, 2008, before August 15 of each year, a
24	governmental body subject to IC 5-22 making a purchase under
25	this chapter shall file with the Indiana department of
26	administration a report concerning the award of contracts to
27	disabled veteran businesses under this section.
28	SECTION 8. IC 6-3-1-2.5 IS ADDED TO THE INDIANA CODE
29	AS A <b>NEW</b> SECTION TO READ AS FOLLOWS [EFFECTIVE
30	JANUARY 1, 2008]: Sec. 2.5. "Armed forces of the United States"
31	has the meaning set forth in IC 5-9-4-3.
32	SECTION 9. IC 6-3-1-2.7 IS ADDED TO THE INDIANA CODE
33	AS A <b>NEW</b> SECTION TO READ AS FOLLOWS [EFFECTIVE
34	JANUARY 1, 2008]: Sec. 2.7. "National Guard" has the meaning
35	set forth in IC 5-9-4-4.
36	SECTION 10. IC 6-3-1-3.5, AS AMENDED BY P.L.184-2006,
37	SECTION 3, AND AS AMENDED BY P.L.162-2006, SECTION 24,
38	IS CORRECTED AND AMENDED TO READ AS FOLLOWS
39	[EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 3.5. When
40	used in this article, the term "adjusted gross income" shall mean the

(a) In the case of all individuals, "adjusted gross income" (as



1 2	defined in Section 62 of the Internal Revenue Code), modified as follows:	
3	(1) Subtract income that is exempt from taxation under this article	
4	by the Constitution and statutes of the United States.	
5	(2) Add an amount equal to any deduction or deductions allowed	
6	or allowable pursuant to Section 62 of the Internal Revenue Code	
7	for taxes based on or measured by income and levied at the state	
8	level by any state of the United States.	
9	(3) Subtract one thousand dollars (\$1,000), or in the case of a	
10	joint return filed by a husband and wife, subtract for each spouse	1
11	one thousand dollars (\$1,000).	
12	(4) Subtract one thousand dollars (\$1,000) for:	`
13	(A) each of the exemptions provided by Section 151(c) of the	
14	Internal Revenue Code;	
15	(B) each additional amount allowable under Section 63(f) of	
16	the Internal Revenue Code; and	4
17	(C) the spouse of the taxpayer if a separate return is made by	
18	the taxpayer and if the spouse, for the calendar year in which	
19	the taxable year of the taxpayer begins, has no gross income	
20	and is not the dependent of another taxpayer.	
21	(5) Subtract:	
22	(A) for taxable years beginning after December 31, 2004, one	
23	thousand five hundred dollars (\$1,500) for each of the	
24	exemptions allowed under Section 151(c)(1)(B) of the Internal	•
25	Revenue Code for taxable years beginning after December 31,	
26	1996 (as effective January 1, 2004); and	_
27	(B) five hundred dollars (\$500) for each additional amount	1
28	allowable under Section 63(f)(1) of the Internal Revenue Code	
29	if the adjusted gross income of the taxpayer, or the taxpayer	
30	and the taxpayer's spouse in the case of a joint return, is less	
31	than forty thousand dollars (\$40,000).	
32	This amount is in addition to the amount subtracted under	
33	subdivision (4).	
34	(6) Subtract an amount equal to the lesser of:	
35	(A) that part of the individual's adjusted gross income (as	
36	defined in Section 62 of the Internal Revenue Code) for that	
37	taxable year that is subject to a tax that is imposed by a	
38	political subdivision of another state and that is imposed on or	
39	measured by income; or	
40	(B) two thousand dollars (\$2,000).	
41	(7) Add an amount equal to the total capital gain portion of a	
42	lump sum distribution (as defined in Section 402(e)(4)(D) of the	



1	Internal Revenue Code) if the lump sum distribution is received
2	by the individual during the taxable year and if the capital gain
3	portion of the distribution is taxed in the manner provided in
4	Section 402 of the Internal Revenue Code.
5	(8) Subtract any amounts included in federal adjusted gross
6	income under Section 111 of the Internal Revenue Code as a
7	recovery of items previously deducted as an itemized deduction
8	from adjusted gross income.
9	(9) Subtract any amounts included in federal adjusted gross
10	income under the Internal Revenue Code which amounts were
11	received by the individual as supplemental railroad retirement
12	annuities under 45 U.S.C. 231 and which are not deductible under
13	subdivision (1).
14	(10) Add an amount equal to the deduction allowed under Section
15	221 of the Internal Revenue Code for married couples filing joint
16	returns if the taxable year began before January 1, 1987.
17	(11) Add an amount equal to the interest excluded from federal
18	gross income by the individual for the taxable year under Section
19	128 of the Internal Revenue Code if the taxable year began before
20	January 1, 1985.
21	(12) Subtract an amount equal to the amount of federal Social
22	Security and Railroad Retirement benefits included in a taxpayer's
23	federal gross income by Section 86 of the Internal Revenue Code.
24	(13) In the case of a nonresident taxpayer or a resident taxpayer
25	residing in Indiana for a period of less than the taxpayer's entire
26	taxable year, the total amount of the deductions allowed pursuant
27	to subdivisions (3), (4), (5), and (6) shall be reduced to an amount
28	which bears the same ratio to the total as the taxpayer's income
29	taxable in Indiana bears to the taxpayer's total income.
30	(14) In the case of an individual who is a recipient of assistance
31	under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
32	subtract an amount equal to that portion of the individual's
33	adjusted gross income with respect to which the individual is not
34	allowed under federal law to retain an amount to pay state and
35	local income taxes.
36	(15) In the case of an eligible individual, subtract the amount of
37	a Holocaust victim's settlement payment included in the
38	individual's federal adjusted gross income.
39	(16) For taxable years beginning after December 31, 1999,
40	subtract an amount equal to the portion of any premiums paid
41	during the taxable year by the taxpayer for a qualified long term
42	care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the



1	taxpayer's spouse, or both.	
2	(17) Subtract an amount equal to the lesser of:	
3	(A) for a taxable year:	
4	(i) including any part of 2004, the amount determined under	
5	subsection (f); and	
6	(ii) beginning after December 31, 2004, two thousand five	
7	hundred dollars (\$2,500); or	
8	(B) the amount of property taxes that are paid during the	
9	taxable year in Indiana by the individual on the individual's	
.0	principal place of residence.	4
1	(18) Subtract an amount equal to the amount of a September 11	-
2	terrorist attack settlement payment included in the individual's	
.3	federal adjusted gross income.	
.4	(19) Add or subtract the amount necessary to make the adjusted	
.5	gross income of any taxpayer that owns property for which bonus	
.6	depreciation was allowed in the current taxable year or in an	4
.7	earlier taxable year equal to the amount of adjusted gross income	
. 8	that would have been computed had an election not been made	
9	under Section 168(k) of the Internal Revenue Code to apply bonus	
20	depreciation to the property in the year that it was placed in	
21	service.	
22	(20) Add an amount equal to any deduction allowed under	
23	Section 172 of the Internal Revenue Code.	
24	(21) Add or subtract the amount necessary to make the adjusted	-
25	gross income of any taxpayer that placed Section 179 property (as	
26	defined in Section 179 of the Internal Revenue Code) in service	
27	in the current taxable year or in an earlier taxable year equal to	<b>\</b>
28	the amount of adjusted gross income that would have been	\
29	computed had an election for federal income tax purposes not	
30	been made for the year in which the property was placed in	
31	service to take deductions under Section 179 of the Internal	
32	Revenue Code in a total amount exceeding twenty-five thousand	
33	dollars (\$25,000).	
34	(22) Add an amount equal to the amount that a taxpayer claimed	
55	as a deduction for domestic production activities for the taxable	
66	year under Section 199 of the Internal Revenue Code for federal	
37	income tax purposes.	
8	(23) Subtract an amount equal to the amount of the taxpayer's	
19	military income that was not excluded from the taxpayer's	
10	gross income for federal income tax purposes under Section	
1	112 of the Internal Revenue Code.	
12	(b) In the case of corporations, the same as "taxable income" (as	



1 2	defined in Section 63 of the Internal Revenue Code) adjusted as follows:
3	(1) Subtract income that is exempt from taxation under this article
4	by the Constitution and statutes of the United States.
5	(2) Add an amount equal to any deduction or deductions allowed
6	or allowable pursuant to Section 170 of the Internal Revenue
7	Code.
8	(3) Add an amount equal to any deduction or deductions allowed
9	or allowable pursuant to Section 63 of the Internal Revenue Code
10	for taxes based on or measured by income and levied at the state
11	level by any state of the United States.
12	(4) Subtract an amount equal to the amount included in the
13	corporation's taxable income under Section 78 of the Internal
14	Revenue Code.
15	(5) Add or subtract the amount necessary to make the adjusted
16	gross income of any taxpayer that owns property for which bonus
17	depreciation was allowed in the current taxable year or in an
18	earlier taxable year equal to the amount of adjusted gross income
19	that would have been computed had an election not been made
20	under Section 168(k) of the Internal Revenue Code to apply bonus
21	depreciation to the property in the year that it was placed in
22	service.
23	(6) Add an amount equal to any deduction allowed under Section
24	172 of the Internal Revenue Code.
25	(7) Add or subtract the amount necessary to make the adjusted
26	gross income of any taxpayer that placed Section 179 property (as
27	defined in Section 179 of the Internal Revenue Code) in service
28	in the current taxable year or in an earlier taxable year equal to
29	the amount of adjusted gross income that would have been
30	computed had an election for federal income tax purposes not
31	been made for the year in which the property was placed in
32	service to take deductions under Section 179 of the Internal
33	Revenue Code in a total amount exceeding twenty-five thousand
34	dollars (\$25,000).
35	(8) Add an amount equal to the amount that a taxpayer claimed as
36	a deduction for domestic production activities for the taxable year
37	under Section 199 of the Internal Revenue Code for federal
38	income tax purposes.
39	(9) Add to the extent required by IC 6-3-2-20 the amount of
40	intangible expenses (as defined in IC 6-3-2-20) and any directly
41	related intangible interest expenses (as defined in IC 6-3-2-20)
42	for the taxable year that reduced the corporation's taxable



1	income (as defined in Section 63 of the Internal Revenue Code)	
2	for federal income tax purposes.	
3	(c) In the case of life insurance companies (as defined in Section	
4	816(a) of the Internal Revenue Code) that are organized under Indiana	
5	law, the same as "life insurance company taxable income" (as defined	
6	in Section 801 of the Internal Revenue Code), adjusted as follows:	
7	(1) Subtract income that is exempt from taxation under this article	
8	by the Constitution and statutes of the United States.	
9	(2) Add an amount equal to any deduction allowed or allowable	
10	under Section 170 of the Internal Revenue Code.	
11	(3) Add an amount equal to a deduction allowed or allowable	
12	under Section 805 or Section 831(c) of the Internal Revenue Code	
13	for taxes based on or measured by income and levied at the state	
14	level by any state.	
15	(4) Subtract an amount equal to the amount included in the	
16	company's taxable income under Section 78 of the Internal	
17	Revenue Code.	
18	(5) Add or subtract the amount necessary to make the adjusted	
19	gross income of any taxpayer that owns property for which bonus	
20	depreciation was allowed in the current taxable year or in an	
21	earlier taxable year equal to the amount of adjusted gross income	
22	that would have been computed had an election not been made	
23	under Section 168(k) of the Internal Revenue Code to apply bonus	
24	depreciation to the property in the year that it was placed in	_
25	service.	
26	(6) Add an amount equal to any deduction allowed under Section	
27	172 or Section 810 of the Internal Revenue Code.	
28	(7) Add or subtract the amount necessary to make the adjusted	V
29	gross income of any taxpayer that placed Section 179 property (as	
30	defined in Section 179 of the Internal Revenue Code) in service	
31	in the current taxable year or in an earlier taxable year equal to	
32	the amount of adjusted gross income that would have been	
33	computed had an election for federal income tax purposes not	
34	been made for the year in which the property was placed in	
35	service to take deductions under Section 179 of the Internal	
36	Revenue Code in a total amount exceeding twenty-five thousand	
37	dollars (\$25,000).	
38	(8) Add an amount equal to the amount that a taxpayer claimed as	
39	a deduction for domestic production activities for the taxable year	
40	under Section 199 of the Internal Revenue Code for federal	
41	income tax purposes.	
12	(d) In the case of insurance companies subject to tax under Section	



1	831 of the Internal Revenue Code and organized under Indiana law, the	
2	same as "taxable income" (as defined in Section 832 of the Internal	
3	Revenue Code), adjusted as follows:	
4	(1) Subtract income that is exempt from taxation under this article	
5	by the Constitution and statutes of the United States.	
6	(2) Add an amount equal to any deduction allowed or allowable	
7	under Section 170 of the Internal Revenue Code.	
8	(3) Add an amount equal to a deduction allowed or allowable	
9	under Section 805 or Section 831(c) of the Internal Revenue Code	
10	for taxes based on or measured by income and levied at the state	
11	level by any state.	
12	(4) Subtract an amount equal to the amount included in the	
13	company's taxable income under Section 78 of the Internal	
14	Revenue Code.	
15	(5) Add or subtract the amount necessary to make the adjusted	
16	gross income of any taxpayer that owns property for which bonus	
17	depreciation was allowed in the current taxable year or in an	
18	earlier taxable year equal to the amount of adjusted gross income	
19	that would have been computed had an election not been made	
20	under Section 168(k) of the Internal Revenue Code to apply bonus	
21	depreciation to the property in the year that it was placed in	
22	service.	
23	(6) Add an amount equal to any deduction allowed under Section	
24	172 of the Internal Revenue Code.	
25	(7) Add or subtract the amount necessary to make the adjusted	
26	gross income of any taxpayer that placed Section 179 property (as	
27	defined in Section 179 of the Internal Revenue Code) in service	
28	in the current taxable year or in an earlier taxable year equal to	
29	the amount of adjusted gross income that would have been	
30	computed had an election for federal income tax purposes not	
31	been made for the year in which the property was placed in	
32	service to take deductions under Section 179 of the Internal	
33	Revenue Code in a total amount exceeding twenty-five thousand	
34	dollars (\$25,000).	
35	(8) Add an amount equal to the amount that a taxpayer claimed as	
36	a deduction for domestic production activities for the taxable year	
37	under Section 199 of the Internal Revenue Code for federal	
38	income tax purposes.	
39	(e) In the case of trusts and estates, "taxable income" (as defined for	
40	trusts and estates in Section 641(b) of the Internal Revenue Code)	
41	adjusted as follows:	
12	(1) Subtract income that is exampt from toxation under this article	



1	by the Constitution and statutes of the United States.	
2	(2) Subtract an amount equal to the amount of a September 11	
3	terrorist attack settlement payment included in the federal	
4	adjusted gross income of the estate of a victim of the September	
5	11 terrorist attack or a trust to the extent the trust benefits a victim	
6	of the September 11 terrorist attack.	
7	(3) Add or subtract the amount necessary to make the adjusted	
8	gross income of any taxpayer that owns property for which bonus	
9	depreciation was allowed in the current taxable year or in an	
10	earlier taxable year equal to the amount of adjusted gross income	
11	that would have been computed had an election not been made	
12	under Section 168(k) of the Internal Revenue Code to apply bonus	
13	depreciation to the property in the year that it was placed in	
14	service.	
15	(4) Add an amount equal to any deduction allowed under Section	
16	172 of the Internal Revenue Code.	4
17	(5) Add or subtract the amount necessary to make the adjusted	
18	gross income of any taxpayer that placed Section 179 property (as	
19	defined in Section 179 of the Internal Revenue Code) in service	
20	in the current taxable year or in an earlier taxable year equal to	
21	the amount of adjusted gross income that would have been	
22	computed had an election for federal income tax purposes not	
23	been made for the year in which the property was placed in	
24	service to take deductions under Section 179 of the Internal	
25	Revenue Code in a total amount exceeding twenty-five thousand	
26	dollars (\$25,000).	_
27	(6) Add an amount equal to the amount that a taxpayer claimed as	1
28	a deduction for domestic production activities for the taxable year	
29	under Section 199 of the Internal Revenue Code for federal	1
30	income tax purposes.	
31	(f) This subsection applies only to the extent that an individual paid	
32	property taxes in 2004 that were imposed for the March 1, 2002,	
33	assessment date or the January 15, 2003, assessment date. The	
34	maximum amount of the deduction under subsection (a)(17) is equal	
35	to the amount determined under STEP FIVE of the following formula:	
36	STEP ONE: Determine the amount of property taxes that the	
37	taxpayer paid after December 31, 2003, in the taxable year for	
38	property taxes imposed for the March 1, 2002, assessment date	
39	and the January 15, 2003, assessment date.	
40	STEP TWO: Determine the amount of property taxes that the	
41	taxpayer paid in the taxable year for the March 1, 2003,	

assessment date and the January 15, 2004, assessment date.



1	STEP THREE: Determine the result of the STEP ONE amount
2	divided by the STEP TWO amount.
3	STEP FOUR: Multiply the STEP THREE amount by two
4	thousand five hundred dollars (\$2,500).
5	STEP FIVE: Determine the sum of the STEP FOUR amount and
6	two thousand five hundred dollars (\$2,500).
7	SECTION 11. IC 6-3-1-34 IS ADDED TO THE INDIANA CODE
8	AS A <b>NEW</b> SECTION TO READ AS FOLLOWS [EFFECTIVE
9	JANUARY 1, 2007 (RETROACTIVE)]: Sec. 34. "Military income"
10	means income, including retirement or survivor's benefits, received
11	during the taxable year by an individual, or the individual's
12	surviving spouse, for the individual's service in the armed forces of
13	the United States or the National Guard.
14	SECTION 12. IC 8-10-1-7 IS AMENDED TO READ AS
15	FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. The commission is
16	authorized and empowered to do the following:
17	(1) To adopt bylaws for the regulation of its affairs and the
18	conduct of its business.
19	(2) To adopt an official seal which shall not be the seal of the
20	state of Indiana.
21	(3) To maintain a principal office and sub-offices at such place or
22	places within the state as it may designate.
23	(4) To sue and be sued, and to plead and be impleaded in its own
24	name. However, actions at law against the commission shall be
25	brought in the circuit court of the county in which the principal
26	office of the commission is located or in the circuit court of the
27	county in which the cause of action arose, if the county is located
28	within the state. All summonses and legal notices of every kind
29	shall be served on the commission by leaving a copy thereof at the
30	principal office of the commission with the person in charge
31	thereof or with the secretary of the commission. However, no such
32	action shall be deemed commenced until a copy of the summons
33	and complaint, cross complaint, petition, bill, or pleading is
34	served upon the attorney general of Indiana.
35	(5) To acquire, lease, construct, maintain, repair, police, and
36	operate a port or project as provided in this chapter, and to
37	establish rules and regulations for the use of the port or project,
38	and other property subject to the jurisdiction and control of the
39	commission.
40	(6) To issue both taxable and tax exempt revenue bonds of the
41	state, payable solely from revenues, as herein provided, for the

purpose of paying all or any part of the cost of a port or project.



1	(7) To acquire, lease, and operate tug boats, locomotives, and any
2	and every kind of motive power and conveyances or appliances
3	necessary or proper to carry passengers, goods, wares,
4	merchandise, or articles of commerce in, on, or around the port or
5	project.
6	(8) To fix and revise from time to time and to collect fees, rentals,
7	tolls, and other charges for the use of any port or project.
8	(9) To acquire, obtain option on, hold, and dispose of real and
9	personal property in the exercise of its powers and the
10	performance of its duties under this chapter.
11	(10) To designate the location and establish, limit, and control
12	points of ingress to and egress from a port or project.
13	(11) To lease to others for development or operation such portions
14	of any port or project, on such terms and conditions as the
15	commission shall deem advisable.
16	(12) To make and enter into all contracts, undertakings, and
17	agreements necessary or incidental to the performance of its
18	duties and the execution of its powers under this chapter. When
19	the cost of any such contract for construction, or for the purchase
20	of equipment, materials, or supplies, involves an expenditure of
21	more than twenty-five thousand dollars (\$25,000), the
22	commission shall make a written contract with the lowest and best
23	bidder after advertisement for not less than two (2) consecutive
24	weeks in a newspaper of general circulation in the county where
25	the construction will occur and in such other publications as the
26	commission shall determine. The notice shall state the general
27	character of the work and the general character of the materials to
28	be furnished, the place where plans and specifications therefor
29	may be examined, and the time and place of receiving bids. Each
30	bid shall contain the full name of every person or company
31	interested in it and shall be accompanied by a sufficient bond or
32	certified check on a solvent bank that if the bid is accepted a
33	contract will be entered into and the performance of its proposal
34	secured. The commission may reject any and all bids. A bond
35	with good and sufficient surety as shall be approved by the
36	commission shall be required of all contractors in an amount
37	equal to at least fifty percent (50%) of the contract price
38	conditioned upon the faithful performance of the contract.
39	(13) To provide that when entering into contracts under this
40	article there is a price preference of ten percent (10%) for
41	disabled veteran businesses (as defined in IC 5-22-15-23.5).

The commission shall adopt rules under IC 4-22-2 to compute



1	a preference under this subdivision in the same manner that	
2	a preference is computed under IC 5-22-15. Beginning July	
3	31, 2008, before August 15 of each year, the commission shall	
4	file with the Indiana department of administration a report	
5	concerning the award of contracts to disabled veteran	
6	businesses under this section.	
7	(13) (14) To construct, assemble, or otherwise build, own, lease,	
8	operate, manage, or otherwise control any project throughout	
9	Indiana for the purpose of promoting economic growth and	
0	development throughout Indiana, retaining existing employment	
.1	within Indiana, and attracting new employment opportunities	
2	within Indiana.	
3	(14) (15) To employ an executive director or manager, consulting	
4	engineers, superintendents, and such other engineers, construction	
5	and accounting experts, attorneys, and other employees and	
6	agents as may be necessary in its judgment, and to fix their	
7	compensation, but no compensation of any employee of the	
8	commission shall exceed the compensation of the highest paid	
9	officer or employee of the state.	
20	(15) (16) To receive and accept from any federal agency grants	
21	for or in aid of the construction of any port or project, and to	
22	receive and accept aid or contributions from any source of either	
23	money, property, labor, or other things of value, to be held, used,	
24	and applied only for the purposes for which such grants and	
25	contributions may be made.	
26	(16) (17) To provide coverage for its employees under the	
27	provisions of IC 22-3-2 through IC 22-3-6, and IC 22-4.	
28	(17) (18) To do all acts and things necessary or proper to carry out	
29	the powers expressly granted in this article.	
0	(18) (19) To hold, use, administer, and expend such sum or sums	
31	as may herein or hereafter be appropriated or transferred to the	
32	commission.	
33	SECTION 13. IC 8-23-3-5.5 IS ADDED TO THE INDIANA CODE	
34	AS A <b>NEW</b> SECTION TO READ AS FOLLOWS [EFFECTIVE JULY	
55	1, 2007]: Sec. 5.5. (a) As used in this section, "disabled veteran	
66	business" means a business entity that is fifty-one percent (51%) or	
37	more owned by one (1) or more veterans with a service connected	
8	disability.	
9	(b) As used in this section, "service connected disability" means	
10	a disability incurred or aggravated in the line of duty in the active	
1	military, naval, or air service as described in 38 U.S.C. 101(b).	
2	(a) As used in this section, "weteren" means a newson who served	



1	in the active military, naval, or air service and was discharged or
2	released from service under conditions other than dishonorable.
3	(d) When awarding a grant of federal funds under section 1 of
4	this chapter, the department shall set a goal that at least one-half
5	of one percent $(0.5\%)$ of the total dollar amount of contracts and
6	subcontracts entered into by an agency receiving the grant be
7	awarded to disabled veteran businesses.
8	(e) The department shall monitor all grants entered into with
9	federal funds under section 1 of this chapter to ensure that the goal
10	set in subsection (d) is met whenever possible.
11	SECTION 14. IC 8-23-9-3 IS AMENDED TO READ AS
12	FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. Except as provided
13	in sections 4, and 4.5, and 4.6 of this chapter, the commissioner shall
14	let the contract for the construction, improvement, or maintenance of
15	the road to the lowest and best bidder. The determination of the lowest
16	and best bidder must include any requirement imposed under section
17	13 of this chapter. The lowest and best bid may not be for a greater sum
18	than the estimated cost of the project.
19	SECTION 15. IC 8-23-9-4.6 IS ADDED TO THE INDIANA CODE
20	AS A <b>NEW</b> SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
21	1, 2007]: Sec. 4.6. (a) As used in this section, "disabled veteran
22	business" means a business entity that is fifty-one percent (51%)
23	or more owned by one (1) or more veterans with a service
24	connected disability.
25	(b) As used in this section, "service connected disability" means
26	a disability incurred or aggravated in the line of duty in the active
27	military, naval, or air service as described in 38 U.S.C. 101(b).
28	(c) As used in this section, "veteran" means a person who:
29	(1) served in the active military, naval, or air service; and
30	(2) was discharged or released from service under conditions
31	other than dishonorable.
32	(d) There is a price preference of ten percent (10%) for
33	contracts entered into under this chapter for a disabled veteran
34	business.
35	(e) It is the goal to award each year at least three percent (3%)
36	of total expenditures for purchase of supplies to disabled veteran
37	businesses.
38	(f) The department shall adopt rules under IC 4-22-2 to
39	compute a preference under this section in the same manner that
40	a preference is computed under IC 5-22-15.
41	(g) Beginning July 31, 2008, before August 15 of each year, the

department shall file with the Indiana department of



1	administration a report concerning the award of contracts to
2	disabled veteran businesses under this section.
3	SECTION 16. IC 10-17-1-5 IS AMENDED TO READ AS
4	FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) The position of
5	director of veterans' affairs is established. The governor shall appoint
6	the director for a four (4) year term. However, the term of office of the
7	director terminates when the term of office of the governor terminates
8	or when a successor to the director is appointed and qualified. The
9	director must be:
10	(1) an honorably discharged veteran who has at least six (6)
11	months active service in the armed forces of the United States;
12	and
13	(2) a citizen of Indiana and a resident of Indiana for at least five
14	(5) years immediately preceding the director's appointment.
15	(b) The director is entitled to reimbursement for necessary traveling
16	and other expenses.
17	(c) The governor may remove the director if the governor considers
18	the director guilty of misconduct, incapability, or neglect of duty.
19	(d) The governor shall appoint an assistant director of veterans'
20	affairs. The assistant director is entitled to receive reimbursement for
21	necessary traveling and other expenses. The assistant director has the
22	same qualifications as the director of veterans' affairs and shall assist
23	the director in carrying out this chapter.
24	SECTION 17. IC 10-17-1-6, AS AMENDED BY P.L.58-2006,
25	SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
26	JULY 1, 2007]: Sec. 6. (a) The director of veterans' affairs:
27	(1) is the executive and administrative head of the Indiana
28	department of veterans' affairs; and
29	(2) shall direct and supervise the administrative and technical
30	activities of the department;
31	subject to the general supervision of the commission.
32	(b) The duties of the director include the following:
33	(1) To attend all meetings of the commission and to act as
34	secretary and keep minutes of the commission's proceedings.
35	(2) To appoint, by and with the consent of the commission, under
36	this chapter and notwithstanding IC 4-15-2, the employees of the
37	department necessary to carry out this chapter and to fix the
38	compensation of the employees. Employees of the department
39	must <del>be:</del>
40	(A) honorably discharged veterans who have had at least six
41	(6) months service in the armed forces of the United States and
42	who are citizens of the United States and Indiana; or



1	(B) spouses, surviving spouses, parents, or children of an
2	individual described in clause (A).
3	An employee must qualify for the job concerned.
4	(3) To carry out the program for veterans' affairs as directed by
5	the governor and the commission.
6	(4) To carry on field direction, inspection, and coordination of
7	county and city service officers as provided in this chapter.
8	(5) To prepare and conduct service officer training schools with
9	the voluntary aid and assistance of the service staffs of the major
10	veterans' organizations.
11	(6) To maintain an information bulletin service to county and city
12	service officers for the necessary dissemination of material
13	pertaining to all phases of veterans' rehabilitation and service
14	work.
15	(7) To perform the duties described in IC 10-17-11 for the Indiana
16	state veterans' cemetery.
17	(8) To perform the duties described in IC 10-17-12 for the
18	military family relief fund.
19	(9) To establish a program and set guidelines under which a
20	medal of honor awardee may receive compensation when
21	attending and participating in official ceremonies.
22	(c) There is annually appropriated to the Indiana department of
23	veterans' affairs from the state general fund an amount sufficient
24	to cover expenses incurred under subsection (b)(9).
25	SECTION 18. IC 10-17-1-7 IS AMENDED TO READ AS
26	FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. The director of
27	veterans' affairs may act as agent of a veteran under (a) A power of
28	attorney authorizing the director to act action on behalf of the a veteran
29	in obtaining a benefit or an advantage provided under Indiana law must
30	run to an authorized agency or individual recognized by the United
31	States Department of Veterans Affairs.
32	(b) A rule contrary to this section is void.
33	SECTION 19. IC 10-17-1-9 IS AMENDED TO READ AS
34	FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) A county
35	executive:
36	(1) shall designate and may employ a county service officer; and
37	(2) may employ service officer assistants;
38	to serve the veterans of the county.
39	(b) The fiscal body of a city may provide for the employment by the
40	mayor of a city service officer and service officer assistants to serve the
41	veterans of the city.
12	(c) If the remuneration and expenses of a county or city service



1	officer are paid from the funds of the county or city employing the
2	service officer, the service officer shall:
3	(1) have the same qualifications and be subject to the same rules
4	as other employees the director, assistant director, and state
5	service officers of the Indiana department of veterans' affairs;
6	and
7	(2) serve under the supervision of the director of veterans' affairs.
8	A service officer assistant must have the same qualifications as an
9	employee described in section 11(b) of this chapter. A rule contrary
0	to this subsection is void.
1	(d) County and city fiscal bodies may appropriate funds necessary
2	for the purposes described in this section.
3	SECTION 20. IC 10-17-1-11 IS ADDED TO THE INDIANA
4	CODE AS A <b>NEW</b> SECTION TO READ AS FOLLOWS
.5	[EFFECTIVE JULY 1, 2007]: Sec. 11. (a) The following employees
6	of the Indiana department of veterans' affairs must satisfy the
7	requirements set forth in section 5(a) of this chapter:
8	(1) State service officers.
9	(2) Director of the state approving agency.
20	(3) Program directors of the state approving agency.
21	(4) Director of the Indiana state veterans' cemetery
22	established by IC 10-17-11-4.
23	(b) An employee of the Indiana department of veterans' affairs
24	not described in subsection (a) must:
25	(1) satisfy; or
26	(2) be the spouse, surviving spouse, parent, or child of a
27	person who satisfies;
28	the requirements set forth in section 5(a) of this chapter.
29	SECTION 21. IC 10-17-5-5 IS ADDED TO THE INDIANA CODE
80	AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
31	1, 2007]: Sec. 5. (a) A member of the National Guard or the armed
32	forces of the United States who:
3	(1) is a resident of Indiana; and
4	(2) serves on active duty for at least one hundred fifty (150)
55	days in a period of three hundred sixty-five (365) days outside
6	Indiana either:
57	(A) after August 1, 1990, and before December 1, 1995; or
8	(B) after September 10, 2001;
19	is entitled to receive five hundred dollars (\$500) at the end of the
10	applicable period of service described in subdivision (2) to assist in
1	covering expenses incurred because of the period of service. A
.2.	member is entitled to one (1) payment of five hundred dollars



I	(\$500) under this subsection regardless of the length of the
2	member's service.
3	(b) The Indiana department of veterans' affairs shall adopt
4	rules under IC 4-22-2 to provide for the prompt payment of the
5	money to which a member of the National Guard or the armed
6	forces of the United States is entitled under subsection (a).
7	(c) There is annually appropriated to the Indiana department of
8	veterans' affairs an amount sufficient from the state general fund
9	to make the payments required under this section.
0	SECTION 22. IC 10-17-5-6 IS ADDED TO THE INDIANA CODE
.1	AS A <b>NEW</b> SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
2	1, 2007]: Sec. 6. (a) If a member of the armed forces of the United
3	States or of an active or reserve component of the National Guard
4	who is a resident of Indiana dies in the line of duty after September
.5	10, 2001, a special death benefit of one hundred fifty thousand
6	dollars (\$150,000) shall be paid in a lump sum from the state
7	general fund to the following relative of the member:
8	(1) The surviving spouse.
9	(2) If there is no surviving spouse, the surviving children (to
20	be shared equally).
21	(3) If there is not a surviving spouse and there are no
22	surviving children, the parent or parents in equal shares.
23	(b) The Indiana department of veterans' affairs shall adopt
24	rules under IC 4-22-2 to make the payments under subsection (a).
25	(c) There is annually appropriated to the Indiana department of
26	veterans' affairs from the state general fund an amount sufficient
27	to make the payments under subsection (a).
28	SECTION 23. IC 10-17-13 IS ADDED TO THE INDIANA CODE
29	AS A <b>NEW</b> CHAPTER TO READ AS FOLLOWS [EFFECTIVE
0	JULY 1, 2007]:
1	Chapter 13. Veterans' Affairs Trust Fund
32	Sec. 1. As used in this chapter, "board" refers to the veterans'
3	affairs trust fund board established by section 4 of this chapter.
4	Sec. 2. As used in this chapter, "fund" refers to the veterans'
55	affairs trust fund established by section 3 of this chapter.
66	Sec. 3. (a) The veterans' affairs trust fund is established to
37	provide assistance to veterans and their families.
8	(b) The fund consists of the following:
9	(1) Appropriations by the general assembly.
10	(2) Donations, gifts, grants, and bequests to the fund.
1	(3) Interest and dividends on assets of the funds.
12	(4) Money transferred to the fund from other funds.



1	(5) Money from any other source deposited in the fund.	
2	Sec. 4. The veterans affairs' trust fund board is established.	
3	Sec. 5. The board consists of the following members:	
4	(1) Seven (7) members appointed by the governor. The	
5	governor shall consider the following when making	
6	appointments under this subdivision:	
7	(A) Membership in:	
8	(i) a veterans association established under IC 10-18-6;	
9	or	
10	(ii) a veterans organization listed in IC 10-18-8-1.	1
11	(B) Service in the armed forces of the United States (as	
12	defined in IC 5-9-4-3) or the national guard (as defined in	`
13	IC 5-9-4-4).	
14	(C) Experience in education, including higher education,	
15	vocational education, or adult education.	
16	(D) Experience in investment banking or finance.	4
17	The governor shall designate one (1) member appointed under	
18	this subdivision to serve as chairperson of the board.	
19	(2) The director of veterans' affairs appointed under	
20	IC 10-17-1-5 or the director's designee.	
21	(3) The adjutant general of the military department of the	
22	state appointed under IC 10-16-2-6 or the adjutant general's	
23	designee.	
24	(4) Four (4) members of the general assembly appointed as	
25	follows:	
26	(A) Two (2) members of the senate, one (1) from each	
27	political party, appointed by the president pro tempore of	1
28	the senate with advice from the minority leader of the	`
29	senate.	
30	(B) Two (2) members of the house of representatives, one	
31	(1) from each political party, appointed by the speaker of	
32	the house of representatives with advice from the minority	
33	leader of the house of representatives.	
34	Members appointed under this subdivision are nonvoting,	
35	advisory members and must serve on a standing committee of	
36	the senate or house of representatives that has subject matter	
37	jurisdiction over military and veterans affairs.	
38	Sec. 6. The board shall meet at least quarterly at the call of the	
39	chairperson of the board.	
40	Sec. 7. Five (5) voting members of the board constitute a	
41	quorum. The affirmative vote of five (5) members of the board is	
42	necessary for the board to take action.	



1	Sec. 8. (a) The term of a board member begins on the later of	
2	the following:	
3	(1) The day the term of the member whom the individual is	
4	appointed to succeed expires.	
5	(2) The day the member is appointed.	
6	(b) The term of a member expires on the later of the following:	
7	(1) The day a successor is appointed.	
8	(2) July 1 of the year following the year in which the member	
9	is appointed.	
10	However, a member serves at the pleasure of the appointing	4
11	authority.	
12	(c) An appointing authority may reappoint a member for a new	
13	term.	
14	(d) An appointing authority shall appoint an individual to fill a	
15	vacancy on the board.	
16	Sec. 9. (a) Each member of the board who is not a state	4
17	employee is entitled to the minimum salary per diem provided by	
18	IC 4-10-11-2.1(b). The member is also entitled to reimbursement	
19	for traveling expenses as provided under IC 4-13-1-4 and other	
20	expenses actually incurred in connection with the member's duties	
21	as provided in the state policies and procedures established by the	
22	Indiana department of administration and approved by the budget	
23	agency.	
24	(b) Each member of the board who is a state employee but who	
25	is not a member of the general assembly is entitled to	
26	reimbursement for traveling expenses as provided under	
27	IC 4-13-1-4 and other expenses actually incurred in connection	
28	with the member's duties as provided in the state policies and	
29	procedures established by the Indiana department of	
30	administration and approved by the budget agency.	
31	(c) Each member of the board who is a member of the general	
32	assembly is entitled to receive the same per diem, mileage, and	
33	travel allowances paid to legislative members of interim study	
34	committees established by the legislative council. Per diem,	
35 36	mileage, and travel allowances paid under this subsection shall be paid from appropriations made to the legislative council or the	
37	legislative services agency.	
38	Sec. 10. (a) The board shall manage and develop the fund and	
39	the assets of the fund.	
40	(b) The board shall do the following:	
40 41	(1) Establish a policy for the investment of the assets of the	
42	fund. In establishing a nolicy under this subdivision, the board	



1	shall:
2	(A) consider the immediate needs of veterans and their
3	families to the extent those needs are not addressed by the
4	military family relief fund established by IC 10-17-12-8;
5	and
6	(B) have as its long term goal creating a self sustaining
7	fund that is not dependent on legislative sources of
8	funding.
9	(2) Acquire money for the fund through the solicitation of
0	private or public donations and other revenue producing
.1	activities.
2	(3) Perform other tasks consistent with prudent management
3	and development of the fund.
4	Sec. 11. (a) Subject to the investment policy of the board
5	established under section 10 of this chapter, the treasurer of state
6	shall administer the fund and invest the money in the fund.
7	(b) The expenses of administering the fund and this chapter
8	shall be paid from the fund.
9	(c) The treasurer of state shall invest the money in the fund not
20	currently needed to meet the obligations of the fund in the same
21	manner as other public trust funds are invested. Interest that
22	accrues from these investments shall be deposited in the fund.
23	Sec. 12. (a) An appropriation made by the general assembly to
4	the fund shall be allotted and allocated at the beginning of the fiscal
25	period for which the appropriation is made.
26	(b) Money in the fund at the end of a state fiscal year does not
27	revert to the state general fund or any other fund.
28	(c) Except as provided by an enactment of the general assembly,
:9	there is annually appropriated to the board all the money in the
30	fund for purposes of this chapter.
1	Sec. 13. Before October 1 of each year, the board shall report in
2	an electronic format under IC 5-14-6 to the general assembly
3	concerning the fund.
4	Sec. 14. The board shall adopt rules under IC 4-22-2 to do the
55	following:
56	(1) Establish programs to be funded by the fund. The board
57	shall consider the following needs of veterans and their
8	families in establishing programs under this subdivision:
19	(A) Education.
10	(B) Economic assistance, including grants and loans.
1	(C) Health and medical care.
.2	(D) Housing and transportation needs.



1	(E) Employment and workforce issues.
2	(F) Any other issue the board determines is appropriate.
3	(2) Determine eligibility and application procedures for
4	programs described in subdivision (1).
5	(3) Otherwise implement this chapter.
6	Sec. 15. There is annually appropriated from the state general
7	fund to the board an amount sufficient to carry out the purposes of
8	this chapter.
9	SECTION 24. IC 20-12-19-1 IS AMENDED TO READ AS
10	FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) As used in this
11	section, "active duty" means full-time service in the armed forces
12	of the United States for at least thirty (30) consecutive days.
13	(a) (b) As used in this section, "state educational institution" has the
14	meaning set forth in IC 20-12-0.5-1.
15	(c) As used in this section,"period of war" includes the following
16	periods:
17	(1) Spanish-American War - April 21, 1898, to July 4, 1902.
18	(2) Mexican border period - May 9, 1916, to April 5, 1917.
19	(3) World War I - April 6, 1917, to November 11, 1918.
20	(4) World War II - December 7, 1941, to December 31, 1946.
21	(5) Korean Conflict - June 27, 1950, to January 31, 1955.
22	(6) Vietnam era - August 5, 1964, to May 7, 1975.
23	(7) Persian Gulf War - August 2, 1990, to a date to be set by
24	presidential proclamation or federal law.
25	(8) Afghanistan War - September 11, 2001, to a date to be set
26	by presidential proclamation or federal law.
27	(9) Iraq War - March 19, 2003, to a date to be set by
28	presidential proclamation or federal law.
29	(10) The period beginning on the date of any declaration of
30	war after June 30, 2007, by the United States Congress and
31	ending on the date prescribed by presidential proclamation or
32	concurrent resolution of the United States Congress.
33	(11) Actual combat or duty equally hazardous, regardless of
34	time, or service in any foreign war, insurrection, or
35	expedition, for which service is recognized by the award of a
36	service or campaign medal of the United States.
37	(12) Service on a vessel documented or numbered under the
38	laws of the United States, or titled under the laws of a state, on
39	ocean, coastal, or intercoastal voyages, regardless of time,
40	under conditions of danger to life and property or subjected
41	to hostile action by an enemy government or hostile force.
42	(b) (d) This section applies to the following persons:



1	(1) A person who:	
2	(A) is a pupil at the Soldiers' and Sailors' Children's Home;	
3	(B) was admitted to the Soldiers' and Sailors' Children's Home	
4	because the person was related to a member of the armed	
5	forces of the United States;	
6	(C) is eligible to pay the resident tuition rate at the state	
7	educational institution the person will attend as determined by	
8	the institution; and	
9	(D) possesses the requisite academic qualifications.	
10	(2) A person:	
11	(A) whose mother or father:	
12	(i) served in the armed forces of the United States; on active	
13	duty during a period of war;	
14	(ii) received the Purple Heart decoration or was wounded as	
15	a result of enemy action; and	
16	(iii) received a discharge or separation from the armed	
17	forces other than a dishonorable discharge;	
18	(B) who is eligible to pay the resident tuition rate at the state	
19	educational institution the person will attend as determined by	
20	the institution; and	
21	(C) who possesses the requisite academic qualifications.	
22	(3) A person:	
23	(A) whose mother or father:	
24	(i) served in the armed forces of the United States during	
25	any war or performed duty equally hazardous that was	
26	recognized by the award of a service or campaign medal of	
27	the United States;	
28	(ii) (i) suffered a service connected death or disability as	
29	determined by the United States Department of Veterans	
30	Affairs or the United States Department of Defense; and	
31	(iii) (ii) received any discharge or separation from the armed	
32	forces other than a dishonorable discharge;	
33	(B) who is eligible to pay the resident tuition rate at the state	
34	educational institution the person will attend, as determined by	
35	the institution; and	
36	(C) who possesses the requisite academic qualifications.	
37	(c) (e) Beginning with the semester or term that begins in the fall of	
38	2000, a person described in subsection (b) (d) is entitled to enter,	
39	remain, and receive instruction in a state educational institution upon	
40	the same conditions, qualifications, and regulations prescribed for other	
41	applicants for admission to or scholars in the state educational	
42	institutions, without the payment of any tuition or mandatory fees for	



	ion. For purposes of this chapter, the commission on of the state of Indiana (IC 20-12-0.5-2) shall
define mandatory fe	ees in consultation with the state student assistance
commission (IC 20-	-12-21-4).
(d) (f) If an appl	icant:
(1) is permitte	d to matriculate in the state educational institution;
(2) shall quali	fy under this chapter; and
(3) shall have	earned or been awarded a cash scholarship which
is paid or paya	able to such institution, from whatsoever source;
the amount paid sha	all be applied to the credit of such applicant in the
payment of incider	ntal expenses of the applicant's attendance at the
institution, and any	balance, if the terms of the scholarship permit, shall
be returned to such	applicant.
	nation of eligibility for higher education benefits
	his section is vested exclusively in the Indiana
department of veter	rans' affairs. Any applicant for these benefits may
=	est for a determination of eligibility by the Indiana
=	ans' affairs. The director or deputy director of the
=	ke a written determination of eligibility in response
_	determining the amount of an individual's benefit,
	ssistance commission shall consider other higher
	assistance as provided in section 2 of this chapter.
	l from an adverse determination shall be made in
=	ans' affairs commission not more than fifteen (15)
• •	ving the applicant's receipt of the determination. A
	made by a simple majority of the veterans' affairs
	ore than fifteen (15) days following receipt of the
written appeal.	
	who knowingly or intentionally submits a false or
	ion or other document under this section commits
a Class A misdeme	
	IC 20-12-19.9 IS ADDED TO THE INDIANA
	EW CHAPTER TO READ AS FOLLOWS
[EFFECTIVE JULY	
-	Cuition Exemption for Veterans
	in this section, "active duty" means full-time
	ed forces of the United States for at least thirty
(30) consecutive da	avs.

Sec. 3. As used in this chapter, "commission" refers to the



1	veterans affairs' commission established by IC 10-17-1-3.	
2	Sec. 4. As used in this chapter, "National Guard" has the	
3	meaning set forth in IC 5-9-4-4.	
4	Sec. 5. As used in this chapter, "state educational institution"	
5	has the meaning set forth in IC 20-12-0.5-1.	
6	Sec. 6. An individual who:	
7	(1) lists Indiana as the individual's state of residence when the	
8	individual enlists in the armed forces of the United States or	
9	the National Guard;	
10	(2) either:	4
11	(A) suffers at any time a service connected disability as	
12	determined by the United States Department of Veterans	•
13	Affairs or the United States Department of Defense; or	
14	(B) serves on active duty:	
15	(i) after September 10, 2001; and	
16	(ii) before a date to be set by presidential proclamation	4
17	or federal law as the conclusion of the war on terror	
18	described in the presidential address to a joint session of	`
19	Congress on September 20, 2001;	
20	(3) receives any discharge or separation from the armed	
21	forces of the United States or the National Guard other than	
22	a dishonorable discharge;	
23	(4) is eligible to pay the resident tuition rate (as determined by	
24	the institution) at the state educational institution the person	
25	will attend; and	
26	(5) possesses the requisite academic qualifications for	
27	enrollment in the state educational institution the person will	
28	attend;	
29	is exempt from the payment of tuition and mandatory fees for one	
30	hundred twenty-four (124) semester credit hours at the state	
31	educational institution in which the individual is enrolled or will	
32	enroll.	
33	Sec. 7. If an individual who qualifies for or is receiving the	
34	tuition exemption under section 6 of this chapter receives financial	
35	assistance from:	
36	(1) a program under federal law;	
37	(2) other tuition exemptions under IC 20-12-19 through	
38	IC 20-12-19.7;	
39	(3) the National Guard tuition supplement program under	
40	IC 20-12-74; or	
41	(4) any other source, including private sources;	
12	that is specifically designated for tuition and mandatory fees at the	



1	state educational institution, the state educational institution shall
2	deduct the amount of the financial assistance specifically
3	designated for tuition and mandatory fees from the amount of the
4	individual's tuition exemption under section 6 of this chapter.
5	Sec. 8. If an individual who qualifies for or is receiving the
6	tuition exemption under section 6 of this chapter earns or is
7	awarded a cash scholarship from any source that is paid or payable
8	to the state educational institution in which the individual is
9	enrolled or will enroll, the state educational institution shall credit
10	the amount of the cash scholarship to the individual for the
11	payment of incidental expenses incurred by the individual in
12	attending the state educational institution, with the balance, if any,
13	of the award, if the terms of the scholarship permit, paid to the
14	individual.
15	Sec. 9. (a) The commission shall determine whether an
16	individual is eligible for the tuition exemption under section 6 of
17	this chapter.
18	(b) An applicant for the tuition exemption shall make a written
19	request to the commission for a determination of the individual's
20	eligibility.
21	(c) The commission shall make a written determination of an
22	applicant's eligibility in response to a request under subsection (b).
23	(d) An applicant may appeal in writing an adverse
24	determination under subsection (c) not more than fifteen (15)
25	business days after the date the applicant receives the
26	determination.
27	(e) The commission shall issue a final order not more than
28	fifteen (15) business days after the commission receives a written
29	appeal under subsection (d).
30	Sec. 10. A person who knowingly or intentionally submits a false
31	or misleading application or other document under this section
32	commits a Class A misdemeanor.
33	Sec. 11. There is annually appropriated from the state general
34	fund to the commission an amount sufficient to carry out the
35	purposes of this chapter.
36	SECTION 26. IC 20-20-7-3, AS ADDED BY P.L.1-2005,
37	SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
38	JULY 1, 2007]: Sec. 3. As used in this chapter, "eligible veteran" refers
39	to an individual who has the following qualifications:
40	(1) Served as a member of the armed forces of the United States

at any time during at least one (1) of the following periods:

(A) Beginning April 6, 1917, and ending November 11, 1918



41

1	(World War I).
2	(B) Beginning December 7, 1941, and ending December 31,
3	1946 (World War II).
4	(C) Beginning June 27, 1950, and ending January 31, 1955
5	(Korean Conflict).
6	(D) Beginning August 5, 1964, and ending May 7, 1975
7	(Vietnam Conflict).
8	(2) Before the military service described in subdivision (1):
9	(A) attended a public or nonpublic high school in Indiana; and
0	(B) was a student in good standing at the high school
1	described in clause (A), to the satisfaction of the department
2	of veterans' affairs.
3	(3) Did not graduate or receive a diploma because of leaving the
4	high school described in subdivision (2) for the military service
5	described in subdivision (1).
6	(4) Was honorably discharged from the armed forces of the
7	United States.
3	SECTION 27. IC 36-1-12-5.5 IS ADDED TO THE INDIANA
)	CODE AS A <b>NEW</b> SECTION TO READ AS FOLLOWS
)	[EFFECTIVE JULY 1, 2007]: Sec. 5.5. (a) As used in this section,
l	"disabled veteran business" means a business entity that is
2	fifty-one percent (51%) or more owned by one (1) or more veterans
3	with a service connected disability.
1	(b) As used in this section, "service connected disability" means
5	a disability incurred or aggravated in the line of duty in the active
)	military, naval, or air service as described in 38 U.S.C. 101(b).
	(c) As used in this section, "veteran" means a person who:
	(1) served in the active military, naval, or air service; and
)	(2) was discharged or released from service under conditions
)	other than dishonorable.
	(d) There is a price preference of ten percent (10%) for
2	contracts entered into under this chapter for a disabled veteran
3	business.
<del>1</del> -	(e) It is the goal to award each year at least three percent (3%)
5	of total expenditures for purchase of supplies to disabled veteran
5	businesses.
7	(f) The price preference under this section shall be computed in
8	the same manner that a preference is computed under IC 5-22-15.
9	SECTION 28. IC 6-3-2-4 IS REPEALED [EFFECTIVE JANUARY
0	1, 2007 (RETROACTIVE)].
1	SECTION 29. [EFFECTIVE JANUARY 1, 2007
2	(RETROACTIVE)] IC 6-3-1-3.5, as amended by this act, and



1	IC 6-3-2-4, as repealed by this act, apply to taxable years beginning	
2	after December 31, 2006.	
3	SECTION 30. [EFFECTIVE JULY 1, 2007] IC 10-17-1-5 and	
4	IC 10-17-1-9, both as amended by this act, and IC 10-17-1-11, as	
5	added by this act, apply to employees who begin employment with:	
6	(1) the Indiana department of veterans' affairs; or	
7	(2) a county or a city under IC 10-17-1-9, as amended by this	
8	act;	
9	as applicable, after June 30, 2007.	
10	SECTION 31. An emergency is declared for this act.	
		0
		p
		V

